

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF THE)	CASE NO. 2004-00174
UNION LIGHT, HEAT AND POWER)	
COMPANY)	

O R D E R

On January 31, 2002, in Case No. 2001-00092, the Commission approved rates for The Union Light, Heat and Power Company ("ULH&P") and provided for their further adjustment in accordance with ULH&P's gas cost adjustment ("GCA") clause.¹

On May 12, 2004, ULH&P filed its GCA to be effective June 1, 2004. ULH&P previously obtained Commission approval to file its GCA within 20 days of the proposed effective date.²

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. ULH&P's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.
2. ULH&P's Expected Gas Cost ("EGC") is \$7.292 per Mcf, which is an increase of 38.7 cents per Mcf from the previous EGC of \$6.905.

¹ Case No. 2001-00092, Adjustment of Gas Rates of The Union Light, Heat and Power Company, Order dated January 31, 2002.

² Case No. 2003-00386, The Application of The Union Light, Heat and Power Company for Authority to Make Monthly Adjustment to the Expected Gas Cost Component of Its Gas Cost Adjustment Rate, Order dated November 6, 2003.

3. ULH&P's notice sets out no current refund adjustment ("RA"). The total RA of (.4) cent per Mcf represents no change from the previous total RA.

4. ULH&P's notice sets out a current quarter actual adjustment ("AA") of 14.4 cents per Mcf. The total AA of 26.3 cents per Mcf is a decrease of 29.3 cents per Mcf from the previous total AA.

5. ULH&P's notice sets out a current quarter balancing adjustment ("BA") of (4.1) cents per Mcf. The total BA of (.3) cent per Mcf represents a decrease of 4.5 cents per Mcf from the previous total BA.

6. ULH&P's gas cost recovery rate ("GCR") is \$7.548 per Mcf, which is 4.9 cents per Mcf more than its previous GCR of \$7.499.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by ULH&P on and after June 1, 2004.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for final meter readings on and after June 1, 2004.

2. Within 20 days from the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 26th day of May, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00174 DATED May 26, 2004

The following rates and charges are prescribed for the customers served by The Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

GAS SERVICE RATES

RATE RS RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.2334	plus	\$.7548	\$.9882

RATE GS GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.2049		\$.7548	\$.9597